

No. 17590

IN THE
UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

JOHN M. SHUBIN and PETER S. SHUBIN,

Petitioners,

vs.

THE UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF CALIFORNIA, CENTRAL
DIVISION,

Respondent,

THE HONORABLE WILLIAM M. BYRNE, Judge of
the United States District Court for the Southern
District of California, Central Division,

Respondent,

and

S. VINCEN BOWLES, INC.,

Respondent.

PETITIONERS' BRIEF UPON REMAND
BY THE SUPREME COURT

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WILLIAM DOUGLAS SELLERS
510 Citizens Bank Building,
16 North Marengo Avenue
Pasadena 1, California

Attorney for Petitioners
John M. Shubin and
Peter S. Shubin

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Attorney for Petitioners
John M. Shubin and
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To the Honorable, the Chief Judge and Associate Judges of
the United States Court of Appeals for the Ninth Circuit:

STATEMENT OF CASE

1. The facts of the case prior to the filing of the Petition for Writ of Mandamus or Other Writ or Relief in this Court are

set forth in the Brief filed with that Petition at pages 10-13, inclusive, and are also set forth in the decision of this Court at 299 F.2d 47.

2. This Court, by its decision cited above, denied petitioners' request for a writ of mandamus to compel the District Court to grant a jury trial and allow a motion to amend petitioners' counterclaim.

3. Petition was made to the Supreme Court of the United States for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

4. The Supreme Court, as stated above, granted certiorari and on May 14, 1962, per curiam, vacated judgment.

5. The Supreme Court remanded the case for reconsideration in light of Dairy Queen, Inc. v. Wood, 369 U.S. 469, 82 S.Ct. 894.

THE QUESTION NOW PRESENTED

In petitioners' original brief for mandamus, two questions were presented on pages 9-10 and they read as follows:

"Question 1: Is a party entitled under the Constitution to a jury trial in a case in which the complaint and the answer raise only jury issues but a counterclaim raising the same issues seeks equitable relief?

"Question 2: Does the District Court violate judicial discretion by refusing to grant leave to file an amended counterclaim which eliminates prayers for equitable relief when discovery proceedings have disclosed the absence of irreparable harm and that the legal remedy would be adequate?"

In view of the action by the Supreme Court and its emphasis of the Dairy Queen case, the question now posed may be stated as follows:

Is a party entitled, under the Constitution and applicable statutes, to a jury trial in a case in which the complaint and the answer raise only jury issues, but a compulsory counterclaim, raising the same issues, seeks relief which may be viewed as equitable?

THE FACTS

The facts involved in this case are fully presented in petitioners' original brief before this Court, and reference is made to pages 10-13 of that document.

SUMMARY OF ARGUMENT

In addition to the statements made in petitioners' original brief at page 13, it is stated that the denial by the District Court of

the Shubins' right to a jury trial was error in view of the law as it is reaffirmed in the case of Dairy Queen, Inc. v. Hon. Harold K. Wood, 369 U. S. 469, 82 S. Ct. 894, 8 L. Ed. 2d 44.

ARGUMENT

In petitioners' original brief it was stated in essence that the Supreme Court had, by its opinion in the case of Beacon Theatres, Inc. v. Westover, 359 U. S. 500, 79 S. Ct. 948, 3 L. Ed. 2d 988, affirmed the constitutional right under the Seventh Amendment of a party to obtain a jury trial as to legal issues in an action where both equitable and legal causes were joined, except under the most imperative circumstances.

The presence of equitable issues in an action cannot automatically be the basis for a holding that there is an abandonment of the right to a jury trial, especially under the Declaratory Judgment Act and the Federal Rules which expand the legal remedies and consequently restrict the scope of equity. As the Supreme Court said in Scott v. Neely, 140 U. S. 106, 109-110, 11 S. Ct. 712, 714, 35 L. Ed. 358:

"In the federal courts this (jury) right cannot be dispensed with, except by the assent of the parties entitled to it, nor can it be impaired by any blending with a claim, properly cognizable at law, of a demand for equitable relief in aid of the legal action or during its pendency." (Parenthetical matter added.)

In the case of Dairy Queen, Inc. v. Wood (1962), 82 S. Ct. 894, 369 U.S. 469, 8 L. Ed. 2d 44, which was especially referred to by the Supreme Court in remanding the present case for reconsideration, it was emphasized that legal issues are entitled to jury determination where a party asserts his right thereto in a timely and proper manner despite the fact that these legal issues have been characterized as "incidental" to the equitable issues involved. Justice Black, speaking for the Court, stated that the adoption of the Federal Rules of Civil Procedure in 1938, 28 U.S.C.A., and especially Rule 18(a) permitting the joinder of legal and equitable claims in a single action, was not intended to change the basic holding of Scott v. Neely that the right to trial by jury of legal claims must be preserved. In fact, Rule 38(a) expressly reaffirms that constitutional principle.

In the Dairy Queen case, the Supreme Court said that in view of the Beacon Theatres case the sole question was "whether the action now pending before the District Court contains legal issues". By stating such a proposition, the Court impliedly reaffirmed the premise that the Seventh Amendment and federal statutes guaranteeing a jury trial on legal claims is inviolate for all practical purposes where timely and proper demand has been made.

The facts in the Dairy Queen case involve an alleged breach of a licensing contract where the licensor sought an injunction against continued use of the licensed trademark as well as an accounting to determine the amount of money owing. The Court

said that regardless of the words used, where the complaint requested a money judgment, it presented legal issues, whether the action was for a debt under a contract or damages based upon the charge of trademark infringement. And in any case:

"The necessary prerequisite to the right to maintain a suit for an equitable accounting, like all other equitable remedies, is, as we pointed out in *Beacon Theatres*, the absence of an adequate remedy at law."

The burden of showing the necessity of equitable relief is upon the person opposed to a trial by jury where the cause of action is one cognizable at law. The Court added that in view of the availability of masters to assist the jury "the burden of such a showing is considerably increased and it will indeed be a rare case in which it can be met".

In the present case where the original complaint and answer thereto raise the issues of validity and patent infringement, it is submitted that these are issues which justify a jury trial whether or not the counterclaim raises any equitable questions. To allow the District Court to hear the entire case in equity proceedings amounts to a substantial denial of the petitioners' rights to a jury trial. It would appear that the Supreme Court was also of the opinion that closer attention should be paid to a possible denial of these rights regardless of the decision by the District Court judge on other matters of questionable discretion in refusing leave to amend the counterclaim. Even if it is conceded that the purpose of amending the counterclaim is to eliminate the obvious

areas where equity may act, still equitable procedures should not be forced upon the party theoretically to be benefited by their employment, especially when the involved party has made no such request and has, in fact, fought against such procedure. This action by the interested party should not be interpreted as having sustained the burden of showing irreparable injury and/or inadequacy of legal remedies.

CONCLUSION

In addition to the conclusions included in petitioners' original brief at pages 24-25, it may also be stated that the right to a jury trial exists though there may be areas in which equity might act when it can be shown that there are legal claims present also, the determination of which a party desires and properly requests be made by a jury.

Dated: October 29, 1962.

Respectfully submitted,

/s/ WILLIAM DOUGLAS SELLERS
WILLIAM DOUGLAS SELLERS

Attorney for Petitioners
John M. Shubin and Peter S. Shubin

